

Lions Bay Capital Inc.
(A Capital Pool Company)

Financial Statements
Expressed in Canadian Dollars

For Year Ended May 31, 2017



Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the shareholders of Lions Bay Capital Inc.

We have audited the accompanying financial statements of Lions Bay Capital Inc., which comprise the statements of financial position as at May 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in deficiency and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained from our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lions Bay Capital Inc. as at May 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company incurred accumulated losses of \$649,339 since inception and is expected to incur further losses in the development of its business. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

(signed) "BDO CANADA LLP"

Chartered Professional Accountants

Vancouver, British Columbia
September 29, 2017

Lions Bay Capital Inc.
 Statements of Financial Position
 Expressed in Canadian Dollars
 As at May 31, 2017 and 2016

	May 31 2017 \$	May 31 2016 \$
Assets		
Current Assets		
Cash	<u>36,989</u>	<u>6,759</u>
Total Assets	<u>36,989</u>	<u>6,759</u>
 Liabilities and Shareholders' Deficit		
Current Liabilities		
Trade and other payables	98,427	43,409
Arcourt Resources Loan – Note 6	56,238	-
Pan Andean Loan – Note 7	<u>50,530</u>	<u>-</u>
Total Liabilities	<u>205,195</u>	<u>43,409</u>
 Shareholders' Deficit		
Share capital – Note 8	443,843	443,843
Contributed surplus	37,290	37,290
Accumulated deficit	<u>(649,339)</u>	<u>(517,783)</u>
Total Shareholders' Deficit	<u>(168,206)</u>	<u>(36,650)</u>
Total Liabilities and Shareholders' Deficit	<u>36,989</u>	<u>6,759</u>

Nature of Operations and Going Concern (Note 1)

Approved by the Directors

“Rick Wilson” Director
 Rick Wilson Director

“Ross MacLachlan” Director
 Ross MacLachlan Director

The accompanying notes are an integral part of these financial statements

Lions Bay Capital Inc.
 Statements of Loss and Comprehensive Loss
 Expressed in Canadian Dollars
 For the Years ended May 31, 2017 and 2016

	2017	2016
	\$	\$
Expenses		
Accounting and audit	52,282	27,325
Filing & shareholder fees	25,060	13,663
Legal fees	50,446	974
Total expenses	127,788	41,962
Other Expense		
Interest expense	3,768	-
	(131,556)	(41,962)
Net loss and comprehensive loss		
Loss per common share		
- basic and diluted	(0.04)	(0.01)
Weighted average number of common shares		
(net of shares held in escrow (Note 8c)		
- basic and diluted	3,535,168	3,173,201

The accompanying notes are an integral part of these financial statements

Lions Bay Capital Inc.
 Statements of Changes in Deficiency
 Expressed in Canadian Dollars
 For the years Ended May 31, 2017 and 2016

	Number of Shares	Share Capital \$	Contributed Surplus \$	Accumulated Deficit \$	Total Shareholders' Deficit \$
Balance – May 31, 2015	2,655,168	381,842	37,290	(475,821)	(56,689)
Debt Conversion	240,000	12,000	-	-	12,000
Private Placement	1,140,000	57,000	-	-	57,000
Issuance Costs	-	(6,999)	-	-	(6,999)
Loss for the year	-	-	-	(41,962)	(41,962)
Balance – May 31, 2016	4,035,168	443,843	37,290	(517,783)	(36,650)
Loss for the year	-	-	-	(131,556)	(131,556)
Balance – May 31, 2017	4,035,168	443,843	37,290	(649,339)	(168,206)

The accompanying notes are an integral part of these financial statements

Lions Bay Capital Inc.

Statements of Cash Flows
Expressed in Canadian Dollars
For the Years Ended May 31, 2017 and 2016

	2017	2016
	\$	\$
Cash flows (used in) from operating activities		
Net loss and comprehensive loss	(131,556)	(41,962)
Deduct non-cash & other items:		
Changes in non-cash working capital balances:		
Receivable	-	6,184
Trade and other payables	55,018	(13,150)
Interest payable	3,768	-
	<u>(72,770)</u>	<u>(48,928)</u>
Cash flows from (used in) financing activities		
Arcourt Resources Loan draw	53,000	-
Pan Andean Loan draw	50,000	-
Private placement	-	57,000
Share issuance costs	-	(6,999)
	<u>103,000</u>	<u>50,001</u>
Net increase in cash	<u>30,230</u>	<u>1,073</u>
Cash - Beginning of year	<u>6,759</u>	<u>5,686</u>
Cash - End of year	<u>36,989</u>	<u>6,759</u>

The accompanying notes are an integral part of these financial statements

Lions Bay Capital Inc.

Notes to the Financial Statements

Expressed in Canadian Dollars

For the Years Ended May 31, 2017 and 2016

1. Nature of Operations and Going Concern

Nature of Operations

Lions Bay Capital Inc. (the “Company” or “Lions Bay”) was incorporated under the British Columbia Business Corporations Act on April 19, 2010 and is classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange (“TSX Venture” or the “Exchange”). The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT” as defined under the policies of the TSX Venture Exchange). The Company has not commenced commercial operations and has no assets other than a minimum amount of cash.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities, and \$210,000 may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company. The TSX Venture approved the initial listing of the Company’s common shares under the symbol “LBI.P” which commenced trading on November 23, 2010. Subsequently, the Company was advised by the Exchange that its shares were suspended from trading effective November 26, 2012 as a result of the Company’s failure to complete a qualifying transaction within 24 months of the listing. On February 14, 2013, to avoid delisting off the Exchange, the Company requested and was accepted by the Exchange to transfer the listing of its common shares to NEX under the symbol “LBI.H”. NEX is a separate board of the Exchange that provides a trading forum for listed companies that have fallen below the Exchange’s continued listing requirements.

The address of the Company’s corporate office and principal place of business is 4705 Wayburne Drive, Burnaby, British Columbia, Canada.

On March 6, 2017, the Company entered a proposed QT with Pan Andean Capital Pty, which had not yet been approved by the Exchange. See Note 2.

These financial statements were authorized for issue by the Board of Directors on September 29, 2017.

Going Concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations. At May 31, 2017, the Company had no source of operating revenues, had an accumulated deficit of (\$649,339) had not yet achieved profitable operations, expects to incur further losses in the development of its business and has no assurance that it will be able to complete a QT. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to continue raising equity financing, and to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest in a QT.

2. Proposed Qualifying Transaction with Pan Andean Capital Pty Ltd

On March 6, 2017, the Company entered into a definitive, binding Share Exchange Agreement (the "Share Exchange Agreement"), with Pan Andean Capital PTY Ltd. ("Pan Andean") and its shareholders pursuant to which Lions Bay will acquire all of the issued and outstanding shares and share purchase warrants of Pan Andean as of the completion date of the acquisition in exchange for common shares and share purchase warrants to be issued by Lions Bay.

Pan Andean was established as an investment holding company and commenced its current business operations in October 2014. Pan Andean's focus is on strategic stakes (being stakes of no more than 19.9% investment in any one issuer in most instances) in companies in the resource, energy and resource related technology sectors.

The purchase price (the "Purchase Price") for the Purchased Shares will be equal to the total value of Pan Andean's assets on the date (the "Valuation Date") that is 10 days prior to the closing (the "Closing") of the purchase. Consideration for the Purchase Price will be settled by the issuance of up to 70,000,000 common shares of Lions Bay based on a price of \$0.05 per share, to the former shareholders and creditors of Pan Andean.

Upon completion of the Share Exchange Agreement, would result in a Reverse Takeover (the "Reverse Takeover") of Lions Bay by Pan Andean, as control of Lions Bay would pass to the former shareholders of Pan Andean, who subsequently would own the vast majority of the outstanding common shares of Lions Bay.

The purchase of Lions Bay's net assets would be treated as an equity-settled share-based payment under IFRS 2 Share-Based Payment. In accordance with IFRS 2, equity instruments from this transaction would be recognized at fair value of the net assets and services received. Services received from the Company consist in the listing of Lions Bay as a publicly listed Company and are measured at the amount of the excess of their fair value of equity instruments deemed issued to Lions Bay's shares and option holders at the time of the transaction and Lions Bay's net assets deemed acquired. The accounting treatment would be as a capital transaction, where the discrepancy in the purchase price consideration provided by an Andean to acquire the net assets of Lions Bay would be charged to the income statement as a listing expense.

In accordance with the terms of the Share Exchange Agreement, Lions Bay will conduct a non-brokered private placement offering, anticipated to be up to 16,000,000 Common Shares at a per share price of \$0.05 for aggregate gross proceeds of up to \$800,000 (the "Financing"), which will close concurrent with Closing of the Acquisition. All Common Shares issued by Lions Bay under the Financing will be subject to a hold period of four months and one day from the date of issuance in accordance with applicable securities legislation and the policies of the Exchange.

The transactions contemplated in the Share Exchange Agreement are subject to conditions precedent typical of a transaction of its nature, shareholder approval, including prior approval by the TSX Venture Exchange (the "Exchange").

Lions Bay Capital Inc.

Notes to the Financial Statements

Expressed in Canadian Dollars

For the Years Ended May 31, 2017 and 2016

3. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”).

Basis of Measurement

The financial statements have been prepared on a historical cost basis, and are presented in Canadian dollars, which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

4. Summary of Significant Accounting Policies

The significant accounting policies set out below have been applied for the year ended May 31, 2017 and have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

Cash

Cash includes funds in corporate bank accounts, and deposits with original maturities of three months or less.

Financial Instruments

The Company’s financial instruments consist of cash, trade and other payables, along with respective loans with Arcourt Resources and Pan Andean. These are initially measured at fair value and subsequently measured at amortized cost.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Other Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade and other payables, along with respective loans with Arcourt Resources and Pan Andean. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. Gains and losses are

recognized in profit or loss when the financial liabilities are derecognized.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, from the proceeds.

Earnings (Loss) per Share

The calculation of basic earnings (loss) per share is based on net income (loss) divided by the weighted average number of common shares outstanding. Shares held in escrow, for which release from escrow is subject to conditions other than the passage of time, are excluded from this calculation.

Diluted per share amounts are calculated using the treasury stock method, whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at an average market price during the year.

Accounting standards, interpretations and amendments to existing standards that are not yet effective

The following standards, interpretations and amendments, which have not been applied to in these financial statements, will or may have an effect on the Company's future financial statements. The Company is in the process of evaluating these new standards.

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Notes to the Financial Statements

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IAS 7 Statement of Cash Flows - The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendments are effective for annual periods beginning on or after January 1, 2017.

IAS 12 Income Taxes - IAS 12 has amendments to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. Application of the standard is mandatory for annual periods beginning on or after January 1, 2017. Currently, no impact on the Company's consolidated financial statements is expected.

IFRS 2 Share-based Payments - The IASB issued amendments to IFRS 2 in relation to classification and measurement of share-based payment transactions. The amendments address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Due to the terms of the Company's share-based payments this standard is not expected to impact the consolidated financial statements.

IFRS 9 Financial Instruments - IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. It also introduces a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. Based on current operations, the Company does not expect this standard to have significant financial reporting implications.

None of the other new standards, interpretations and amendments, which have not been adopted early, are expected to have a material effect on the Company's future financial statements.

5. Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The going concern assumption as disclosed in Note 1 was a critical judgement in preparing these consolidated financial statements. There were no further critical accounting estimates and judgments in applying accounting policies that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year.

6. Arcourt Resources Loan

In September 2016, the Company entered into a loan agreement with Arcourt Resources NL for a total principal amount of up to \$37,000, which was subsequently amended and increased to be up to \$53,000, is unsecured and bears interest of 10% per annum. The total outstanding principal and accrued interest are repayable on such date that is the earlier of the completion of a QT or 18 months after the date of the Loan agreement. .

	\$
Total principal amount	53,000
Total accrued interest payable	3,238
	<u>56,238</u>

7. Pan Andean Loan

In March 2017, the Company entered a loan agreement with Pan Andean Capital PTY Ltd ("Pan Andean") for a total principal amount of up to \$50,000, which is unsecured and bears interest at 10% per annum. The total outstanding principal and accrued interest are repayable on such date that is the earlier of the completion of a QT or 18 months after the date of the loan agreement.

	\$
Total principal amount	50,000
Total accrued interest payable	530
	<u>50,530</u>

8. Share Capital

a) Authorized:

Unlimited number of common shares, without par value.

Unlimited number of preferred shares, without par value.

The Company is authorized to issue unlimited number of preferred shares without par value. No preferred shares have been issued since the Company's inception.

Lions Bay Capital Inc.

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b) Common shares:

On January 15, 2016, the Company closed a non-brokered private placement consisting of 1,140,000 common shares at a price of \$0.05 per share for gross proceeds of \$57,000.

On January 8, 2016, the Company issued 240,000 common shares at a deemed per share price of \$0.05 in settlement of \$12,000 in outstanding of accrued consulting fees.

The Company incurred costs of \$6,999 in connection to the total issuance of 1,380,000 common shares during January 2016.

c) Escrow shares:

At May 31, 2017, 500,000 (May 31, 2016: 500,000) common shares were held in escrow by the Company's transfer agent to be released in accordance with the CPC policy guidelines. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the QT) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

9. Stock Options

The Company has established a stock option plan for its directors, officers and technical consultants under which the Company may grant options from time to time to acquire a maximum of up to 150,000 Common Shares, being 10% of the Common Shares, issued and outstanding upon completion of the Company's initial public offering. Options may be granted for a maximum term of ten years from the date of the grant, are non transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Company entering into a Qualified Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

The following table summarizes stock options:

	Number of options	Exercise price \$
Balance – May 31, 2016 and 2017	150,000	0.20

Lions Bay Capital Inc.

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For the Years Ended May 31, 2017 and 2016

The following table summarizes stock options currently outstanding and exercisable:

Exercise price \$	Number of options outstanding	Weighted average remaining life (years)	Number of options exercisable	Expiry date
0.20	150,000	3.5	150,000	Nov 23, 2020

10. Related Party Transactions

The key management personnel of the Company, which are defined by IAS 24, Related Party Disclosures, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management. There were no related party transactions during the years ended May 31, 2017 and 2016.

11. Income Taxes

Taxation in the Company's operational jurisdiction is calculated at the rate prevailing in its respective jurisdiction. There is no tax charge arising for the Company for the year in Canada. The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	2017 \$	2016 \$
Loss before tax per the accounts	(131,556)	(41,962)
Income taxed at local statutory rates - 26.00%	(34,000)	(11,000)
Share issuance cost	-	(1,000)
Under provision relating to prior year	(1,000)	-
Change in unrecognized deferred tax assets	35,000	12,000
Income tax expense/(recovery)	-	-

The Canadian Federal corporate tax rate remained at 15.00% and the British Columbia provincial tax rate remained at 11.00%.

Deferred Tax Assets and Liabilities

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at May 31, 2017 and 2016 are summarized as follows:

	2017 \$	2016 \$
Non-capital losses carried forward	192,000	155,000
Undeducted financing costs	4,000	6,000
Unrecognized deferred tax assets	(196,000)	(161,000)

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As at May 31, 2017, the Company has estimated Canadian non-capital losses for income tax purposes that may be carried forward to reduce taxable income derived in future years, as summarized below:

Year of Expiry	Taxable Losses \$
2031	9,000
2032	155,000
2033	98,000
2034	137,000
2035	142,000
2036	54,000
2037	143,000
Total	<u>738,000</u>

The potential benefits of these carry-forward non-capital losses, and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

12. Capital Management

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company is not subject to any externally imposed capital requirements other than as discussed above in Note 1. The Company may issue new shares and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. There was no change in the Company's capital management process during the year.

13. Financial Instruments

Fair Values

The Company's financial instruments consist of cash, trade and other payables, along with respective loans with Arcourt Resources and Pan Andean. The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations

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of credit risks consist principally of cash and receivables. To minimize the credit risk the Company places these instruments with high credit quality financial institutions. The carrying amount of cash and receivables represents the maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's current obligations consist of accounts payable, which are all due within 30 days.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.